November 2, 1992

Fr: Keith Jordan
To: Jon McIntire

Re: Current Whole Earth Financial Situation

Jon,

Welcome back! I know that you have been in an emotionally demanding situation in St. Louis. I hope things went as well as can be expected for your mother and I want you to know that everyone's best wishes have been with you from here. I also am aware that the challenge of the current financial situation at Whole Earth is an additional cause of concern (and possible stress) for you. I want you to know that everyone here is supportive of your efforts to guide the organization to the next level -- and that you can count on our help and creativity in getting us all there.

What I am sending you now is some information to chew over in preparation for the planning and action which we now need to take. There are two main elements to consider when looking at our financial circumstances. First is the immediate cash flow shortfall (which Christine and I estimate at $20,000 to $35,000). Second is the need to significantly increase net revenues in order to cover our higher level of expenses for 1993 (I estimate a necessary minimum cumulative net increase by the end of 1993 of between $80,000 and $160,000).

I am enclosing the following:

- A page with a summary of Point's "Management Overhead Expenses" for 1990 to 1993. This is to give you some idea of how those expenses have been growing. If we use 1991 as a "baseline" amount -- the amount necessary to manage WER, but not enough to pursue substantial new projects -- we get some idea of what kind of funding is needed from non-WER sources.

- On that same page, an estimate of our "Cumulative Additional Revenue Needs" at various points over the next two years.

- Two pages of "Financial Scenarios" -- these are the building blocks identifying possible revenues and expenses which I have developed in brainstorming with some of the other people here (especially Christine, Tom, Richard and Janu). These ideas and figures should provide a basis for developing a strategy for meeting our revenue needs over the next two years.

I believe we are on the track to develop effective responses to the challenges we face. I hope these numbers give you a fuller sense of where we stand. I would like to arrange for you Christine, Marly, Tom and I to meet as soon as possible (Tuesday afternoon or Wednesday morning, perhaps?). After we have met, we can also inform the Board more fully of our situation (as Christine has advised).

**Point Management Overhead Expenses 1990-93**

| | 1990 | 1991 | 1992 | 1993 | |
|---|---|---|---|---|---|
| *Routine Mgmt Expenses* | | | | | |
| Executive Director Pay | $20,417 | $35,000 | $40,288 | $46,560 | ** |
| Publisher/Business Mgr Pay * | $22,210 | $15,115 | $30,168 | $35,000 | |
| Asst to Exec Dir Pay | $0 | $0 | $7,824 | $27,000 | |
| Estimated Payroll Taxes | $4,689 | $5,513 | $8,611 | $11,942 | |
| Estimated Health Care Exp | $0 | $0 | $1,470 | $3,360 | |
| Add'l Executive Director Rent | $0 | $0 | $3,242 | $8,190 | |
| *Total Routine Mgmt Expenses* | *$47,316* | *$55,628* | *$91,603* | *$132,052* | |
| Paid by the WELL for services | $0 | $0 | $12,000 | $0 | |
| *Net Routine Mgmt Expense* | *$47,316* | *$55,628* | *$79,603* | *$132,052* | *** |
| *Exceptional Expenses* | | | | | |
| KK Sabbatical Pay | $0 | $12,000 | $0 | $0 | |
| KT Severance Pay | $0 | $0 | $9,000 | $0 | |
| KT Severance Payroll Taxes | $0 | $0 | $990 | $0 | |
| *Total Exceptional Expenses* | *$0* | *$12,000* | *$9,990* | *$0* | |
| *Net incl Exceptional Expenses* | *$47,316* | *$67,628* | *$89,593* | *$132,052* | |
| *Change from previous Year* | | *$20,312* | *$21,965* | *$42,459* | |
| 1991 Baseline | | $55,628 | $55,628 | $55,628 | |
| **Amount Over 1991 Baseline** | | **$12,000** | **$33,965** | **$76,424** | |
| **Cumulative Over Baseline** | | **$12,000** | **$45,965** | **$122,389** | |

* This consists of the "Publisher" portion of Kevin Kelly's salary in 1990 and the general business management aspects of Keith Jordan's pay for 1990 on

** Based upon Executive Director's Salary as of 11/1/92

*** Total does not include any direct expenditures on project development

**Cumulative Add'l Revenue Needs**

| | *Low* | *High* |
|---|---|---|
| Immediate | $20,000 | $35,000 |
| 12/1/92 | $20,000 | $35,000 |
| 2/1/93 | $30,000 | $50,000 |
| 5/1/93 | $60,000 | $120,000 |
| 12/31/93 | $80,000 | $160,000 |
| 12/31/94 | $155,000 | $285,000 |

These figures represent estimates of the amount of money needed to maintain current operations of the magazine and new project development.

Not included in these figures (see financial scenarios for more info):

> Direct Mail net costs
> Additional money for WER writers
> Computer & equipment purchases
> Non-personnel project development expenses
> Pay & benefits improvements
> Moving to Presidio
> Savings/cash reserve

(Updated and Printed 11/2/92, 3:23 PM)

| Projects | Net Revenue Produced | | Fundraising (FR) | Net Revenue Produced | | WER Sales | Net Revenue Produced | |
|---|---|---|---|---|---|---|---|---|
| | Worst | Best | | Worst | Best | | Worst | Best |
| **Immediate (by November 15, 1992)** | | | | | | | | |
| | | | | | | | | |
| **1 Month (by December 1, 1992)** | | | | | | | | |
| | | | Supporter Solicitation 11/6 * | $4,000 | $14,000 | Multi-year renewal incentive * | $500 | $1,000 |
| | | | | | | Move up #79 1st renewal 1 mo. | $10,000 | $15,000 |
| **2-3 Months (January to February 1993)** | | | | | | | | |
| Think Globally event | $0 | $3,000 | FR mail to Board-provided names | ??? | ??? | Multi-year renewal incentive * | $500 | $1,500 |
| | | | Direct Board FR solicitations | ??? | ??? | WELL e-mail Direct Mail | $500 | $2,000 |
| | | | Small-scale FR event | ??? | ??? | Move up #79 1st renewal 1 mo. | ($10,000) | ($15,000) |
| **4-6 Months (March to June 1993)** | | | | | | | | |
| Book contract | $5,000 | $50,000 | Bigger FR event | ??? | ??? | Multi-year renewal incentive * | $700 | $5,000 |
| Think Globally event | $0 | $3,000 | Grants | ??? | ??? | Advance renew at end of Dec 92 | $20,000 | $150,000 |
| | | | Equipment Grants | $5,000 | $20,000 | | | |
| | | | Hire fundraiser | ??? | ??? | | | |
| **7 Months - 1 Year (July to December 1993)** | | | | | | | | |
| Book contract | $5,000 | $50,000 | FR events | ??? | ??? | Multi-year renewal incentive * | $1,000 | $10,000 |
| 25th Anniversary events | $0 | ??? | Grants | ??? | ??? | Sell space advertising (25th) | ??? | ??? |
| Multimedia project(s) | ??? | ??? | | | | | | |
| Think Globally event | $0 | $3,000 | | | | | | |
| **Longer than 1 Year (1994 on)** | | | | | | | | |
| Book contract | $10,000 | $150,000 | FR events | ??? | ??? | Advance renew at end of Dec 92 | ($16,000) | ($120,000) |
| Multimedia project(s) | ??? | ??? | Grants | ??? | ??? | Sell space advertising | ??? | ??? |
| Think Globally event | $0 | $3,000 | | | | | | |
| Other events | ??? | ??? | | | | | | |

* already in process

| Outside & One-Time Revenues | Net Revenue Produced | |
|---|---|---|
| | Worst | Best |
| **Immediate (by November 15, 1992)** | | |
| Sell reject books * | $700 | $1,200 |
| Sell un-needed books from library | $1,000 | $5,000 |
| Loan | $20,000 | $40,000 |
| **1 Month (by December 1, 1992)** | | |
| **2-3 Months (January to February 1993)** | | |
| **4-6 Months (March to June 1993)** | | |
| Sell Zomeworks stock (possible) | $50,000 | $250,000 |
| WELL dividends | ??? | ??? |
| Pay back loan | ($20,800) | ($41,600) |
| **7 Months - 1 Year (July to December 1993)** | | |
| WELL dividends | ??? | ??? |
| **Longer than 1 Year (1994 on)** | | |
| WELL dividends | ??? | ??? |

| Longer-Term "Investments" | Net Revenue Produced | |
|---|---|---|
| | Worst | Best |
| Computer purchases | ($10,000) | ($5,000) |
| Direct Mail net for period | ($1,000) | ($500) |
| Computer purchases | ($10,000) | ($5,000) |
| Copier Purchase | ($4,500) | ($3,000) |
| Direct Mail net for period | ($6,000) | ($5,500) |
| *Direct Mail net to date* | *($7,000)* | *($6,000)* |
| More $ to pay WER contributors | ($5,000) | ($2,500) |
| More $ to distribute 25th Anniv. | ($10,000) | ($4,000) |
| Savings/Endowment | ??? | ??? |
| Direct Mail net for period | ($19,000) | ($7,000) |
| *Direct Mail net to date* | *($26,000)* | *($13,000)* |
| More $ to pay WER contributors | ($10,000) | ($5,000) |
| Extra sales from 25th Anniv. | $4,000 | $25,000 |
| Direct Mail net for period | ($8,000) | $2,000 |
| *Direct Mail net to date* | *($34,000)* | *($11,000)* |
| More $ to pay WER contributors | $30,000 | $15,000 |
| Savings/Endowment | ??? | ??? |
| Direct Mail net for period | ($50,000) | ($25,000) |
| Direct Mail renews net for period | $40,000 | $75,000 |
| *Direct Mail net to date* | *($44,000)* | *$39,000* |

| Other Items to Consider |
|---|
| Syndicate WE column in alternative weeklies |
| Aggressive sale of reprint rights |
| Television |
| Radio |
| Speakers bureau |
| Workshops |
| Staff pay increases |
| Staff benefits improvements |
| Moving office to Presidio |
| Revamp Supporting Sub program |
| Expand Book & Product sales |

* already in process

| | 1991 | Projection 1992 | Projection 1993 |
|---|---|---|---|
| Cash Loss/Week | ($2,515) | ($1,800) | ($2,000) |
| Accrual Loss/Week | ($610) | ($850) | ($2,500) |
| ost of Add'l Mgmt Overhead/Week | $240 | $925 | $1,500 |